

4.2 Statistical Indices
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Statistical Index is a number or a weighted mean that is used to show change over time

i) Consumer price Index (CPI)

-is a measure of the price of an assortment of essential goods and services (i.e. milk, telephone, and transportation)

- used as a primary indicator to measure inflation

Examine Graphs p.215 ↑ 2%

1. The graph shows the CPI and the weighting factors for 2002.

Canadian Consumer Price Index, 2002

Source: Statistics Canada, CANSIM tables 326-0009, 326-0012, 326-0015, 326-0020 to 326-0022

a) In 1992, clothing and footwear had a weighting factor of 6.60%. Why would the factor be changed in 2002?

b) Food is more necessary than transportation. Why might it have a lower weighting factor than transportation?

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ii) TSX (Toronto Stock Exchange)

Using Statistical measures to explain growth

Example 1 p. 216

Example 1 Toronto Stock Exchange (TSX) Index

The primary index for the Toronto Stock Exchange is known as the TSX Composite Index. The graph shows the TSX Composite Index from January 01, 2000 to August 15, 2008. The top portion of the graph shows the value of the index. The bottom portion shows the volume of sales, in billions of dollars per month.

Literacy Connect

A stock index is a weighted mean of the prices of a group of stocks selected to represent all the stocks from a specific stock market.

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Toronto Stock Exchange (TSX) Index

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a) By what factor did the index grow from January 1, 2000 to September 1, 2000?

b) By what factor did the index fall from September 1, 2000 to October 9, 2002?

c) What was the percent change in the index between August 15, 2007 and August 15, 2008?

d) What was the percent change in the index from October 1, 2008 to October 10, 2008?

e) Describe the trend in sales volume over most of the period.

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iii) Farm Product Price Index

- follows the prices farmers receive for their products i.e crops and livestock

Example 2 p.219

Example 2**Farm Product Price Index**

The Farm Product Price Index (FPPI) follows the prices farmers receive for their products. In April 2008, the FPPI (1997 = 100) stood at 119.7. Sub-index weightings for 2008 were Crops 45.4% and Livestock 54.6%. Each sub-index is broken down into basic-indices representing, for example, grain, fruit, cattle, eggs, and so on.

- a) Explain what is meant by 1997 = 100, and how it relates to 2008.
- b) In April 2008, the Crop sub-index had a value of 144.2 and the Livestock sub-index had a value of 99.4. Show how these values are used to determine the value of the FPPI.
- c) If the Crop sub-index increased by 1% and the Livestock sub-index decreased by 0.5%, calculate the new value of the FPPI.

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q. 1, 2, 4, 7, 8, 9

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